




COMMODITIES UPDATE



November 16th, 2023

Burning Economic Issues

- Nigeria's inflation rises to a new 18-year high of 27.33% in October 2023 against the global trend
 - UK inflation drops to a two-year low of 4.6% in October from 6.7% in September 2023
- Brent down 4.48% (\$77.54pb) on expectations of higher US crude inventories—**Reuters**
- LNG fell by 1.07% (\$3.16/MMBtu) as a fuller gas stockpile in Europe subdued winter risks - **Bloomberg**
- Cocoa futures rose by 0.20% (\$3992.00/mt) due to declining crop yields in top producer Ivory Coast- **Reuters**
- Domestic commodity prices remain elevated
 - Semovita  (15.29%) Palm oil  (3.23%) Sugar  (46.43%)
- Naira steadies at N1,140/\$ at the parallel market due to a reduction in speculation activities.

The Downers



- Brent and Natural gas account for approximately 90% of total exports. Therefore, a decline in Brent and LNG prices will reduce Nigeria's external earnings and limit the CBN's ability to defend the naira due to low forex liquidity
- High inflationary pressures to reduce disposable income and lower aggregate demand

Impact

The Goodies



- Rising cocoa prices will increase Nigeria's earnings and buoy farmers' income





Domestic Commodities Price Movement

Commodities	Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Garri (50kg) Yellow	N20,000	N26,000	↑	N16,000	N28,000
Rice (50kg) short grain	N55,000	N58,000	↑	N33,000	N60,000
Flour (50kg)	N39,500	N46,000	↑	N28,500	N46,000
Beans (Oloyin)(50kg)	N30,000	N46,000	↑	N30,000	N56,000
Cement (50kg)	N5,500	N5,700	↑	N4,200	N5,700
Tomatoes (50kg)	N35,000	N50,000	↑	N15,000	N110,000
Pepper (bag)	N35,000	N40,000	↑	N15,000	N65,000
Onions (bag)	N45,000	N125,000	↑	N25,000	N125,000

- *The price of locally produced commodities rise on higher logistics costs*
- *Commodities with import content recorded price surge due to currency pressures*

Domestic Commodities Price Movement

Relatively Elastic Products

Commodities		Previous Month Prices	Current Prices	Directional Change	Year Low	Year High
Palm Oil (25l)		N31,000	N30,000	↓	N22,000	N37,500
Semovita (10kg)		N8,500	N9,800	↑	N6,700	N9,800
New Yam (3 tubers)		N9,000	N10,500	↑	N3,000	N12,000
Sugar (50kg)		N42,000	N61,500	↑	N31,000	N61,500

Consumer Goods – Current price



Goods	Street price	Supermarket price	% difference
Pepsi (50cl)	N250	N250	0%
Heineken beer (60cl)	N630	N650	-3.17%
Bread Loaf	N1000	N1200	-20%
Indomie (1 carton)	N4,300	N4,700	-9.30%
Gala (big size)	N150	N150	0%



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Stock Market

- NSE ASI  0.25% to close at 71,014.34pts on November 15th 2023.

	Share Prices (₦)		Daily % Change (November 15 th)		YTD (% Change)
Nestle	1050.00		0.00		4.55
Honeywell	3.12		0.03		33.33
Flour Mills	31.9		0.00		14.44
Cadbury	13.80		0.6		21.01
Dangote Sugar	61.50		0.1		287.54
Unilever	13.95		0.00		18.97
Ikeja Hotels	4.72		0.12		338.10



Oil Markets Today

COMMODITY	DAILY CHANGE November 15 th – November 16 th	YTD	CURRENT PRICE
BRENT	↓ 4.48%	↓ 9.74%	\$77.54pb
WTI	↓ 4.77%	↓ 9.05%	\$73.00pb
NATURAL GAS	↑ 0.96%	↓ 29.75%	\$3.14MMBtu



Oil Prices



- Brent lost 4.48% to \$77.54pb
- WTI dipped by 4.77% to \$73.00pb
- Oil prices dropped on expectations of higher oil production in the US

Agricultural Commodities

Wheat



↑ Gained 0.88% to \$603.00/bushel, despite forecast of higher wheat exports from France to non EU countries.

Corn



↑ Corn rose 0.56% to \$491.50/bushel, owing to the uptick in Mexican demand.

Cocoa



↑ Up 0.20% to \$3,992.00/mt, buoyed by declining crop yields in top producer Ivory Coast.

Sugar



↓ Lost 0.55% to \$27.03/pound, on record high cane production in Brazil and forecast of lower global deficit in 2023/2024 season

Outlook – Oil Prices

- We expect oil prices to drop on expectation of higher US oil inventories and slowing Chinese demand.



Outlook – Agricultural Prices



GRAINS

- Grain prices are likely to taper due to higher wheat export from France

SOFTS

- Cocoa prices will rise further on expectations of a wider global deficit and poor crop condition in Ghana
- The price of sugar is expected to trend down over high cane production in Brazil

